

PUBLIC DISCLOSURE

MARCH 8, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BOSTON GLOBE EMPLOYEES CREDIT UNION

135 MORRISSEY BOULEVARD
BOSTON, MA 02107

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Boston Globe Employees Credit Union** (or the "Credit Union") prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

A CRA rating of "Satisfactory" is assigned. An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire membership in a manner consistent with its resources and capabilities.

This examination was conducted utilizing three performance criteria for small institutions: 1) Average Net Loan to Share ratio, 2) Lending to Members of Different Incomes and 3) Fair Lending.

The Credit Union's average net loan-to-share for the previous eight quarterly periods is 57.1 percent. Based on this adequate ratio and the Credit Union's position in comparison to other similarly situated institutions, it meets the standards for satisfactory performance.

An analysis of 29 residential mortgage loans, and a sample of 62 consumer loans originated during the same period was conducted. The analysis revealed that the majority, or 65.5 percent, of the residential mortgage loans were originated to upper-income members. Of the consumer loans sampled, 35.5 percent were originated to members of low- and moderate income. Based on the above information and the Credit Union's membership, a rating of meets satisfactory performance was granted for this criterion.

The Credit Union's fair lending performance is considered to meet the standards of satisfactory performance.

PERFORMANCE CONTEXT

Description of Institution

Boston Globe Employees Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts in 1962 for the purpose of promoting thrift among its members and the loaning of such savings to its members. As an industrial credit union, Boston Globe Employees Credit Union is member oriented and is committed to ascertaining and meeting the credit needs of its membership.

As of December 31, 2003, the Credit Union had assets of \$23,050,268, and the loans comprised approximately \$10,505,718, or 45.6 percent, of total assets. The loan portfolio is composed of residential mortgages, personal, new and used automobile loans, lines of credit, credit cards, other real estate and share secured loans. The highest percentage of the Credit Union's loan portfolio, 46.2 percent, represents residential mortgage loans, followed by new auto loans, which represented 14.3 percent.

The following table depicts the Credit Union's loan portfolio composition based on the December 31, 2003 National Credit Union Administration ("NCUA") Call Report of Condition.

LOAN PORTFOLIO COMPOSITION		
LOAN TYPE	\$ AMOUNT	%
First Mortgage	\$4,854,644	46.2%
New Auto	\$1,499,649	14.3%
Credit Cards	\$1,450,264	13.8%
Other Real Estate	\$1,112,195	10.6%
Lines of Credit	\$999,910	9.5%
Used Auto	\$405,261	3.9%
Share Secured	\$183,795	1.7%
TOTALS	\$10,505,718.00	100%

December 31, 2003 NCUA Call Report of Condition

The Credit Union's sole office is located at 135 Morrissey Boulevard, in Boston, Massachusetts. The Credit Union maintains Automatic Teller Machines (ATMs), which are linked to the NYCE network. The Credit Union's hours, which include day and evening hours, are considered convenient and accessible to its members.

There appear to be no significant financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its membership.

The Credit Union was last examined for compliance with CRA by the Division on November 1, 1999. That examination resulted in a Satisfactory rating.

Description of Assessment Area (Membership)

The CRA regulation requires that each financial institution delineate one or more assessment area(s) within which the institution's record of helping to meet community credit needs is evaluated. Under the Massachusetts CRA Regulation, 209 CMR 46.41(8), a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area. Boston Globe Employees Credit Union is an industrial credit union whose membership is based upon affiliation rather than geography, and has elected to identify its assessment area in this manner.

The Credit Union's bylaws state, in part, that "[m]embership is open to those persons who are, or have been, regular employees of Affiliated Publications, Inc., its affiliates and employees of the credit union, except that persons not so eligible for membership may have joint accounts with members of the credit union for the purpose of deposits and withdrawals only. Persons having an immediate family relationship to a member may hold accounts in their own name only, for the purpose of deposits and withdrawals."

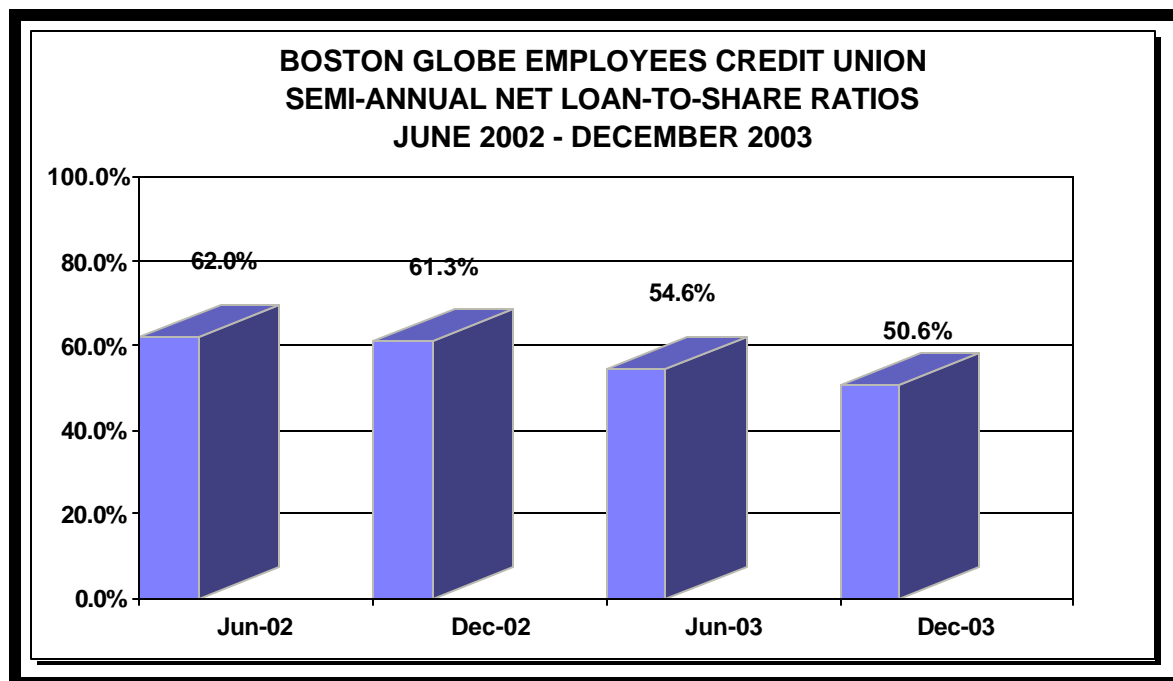
Data included in the Credit Union's in-house files regarding residential lending activity and a sample of consumer loans revealed that the majority of the Credit Union's membership reside within the Boston Metropolitan Statistical Area (MSA).

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

An analysis of Boston Globe Employees Credit Union's net loan-to-share ratio was performed during the examination. The calculation incorporated four, semi-annual periods of the Credit Union's net loan to total share figures utilizing the NCUA 5300 call reports. This review included the quarters ending June 30, 2002 through December 31, 2003. The institution's average net loan-to-share ratio during this period was determined to be 57.1 percent.

The following graph illustrates the net loan-to-share trends.

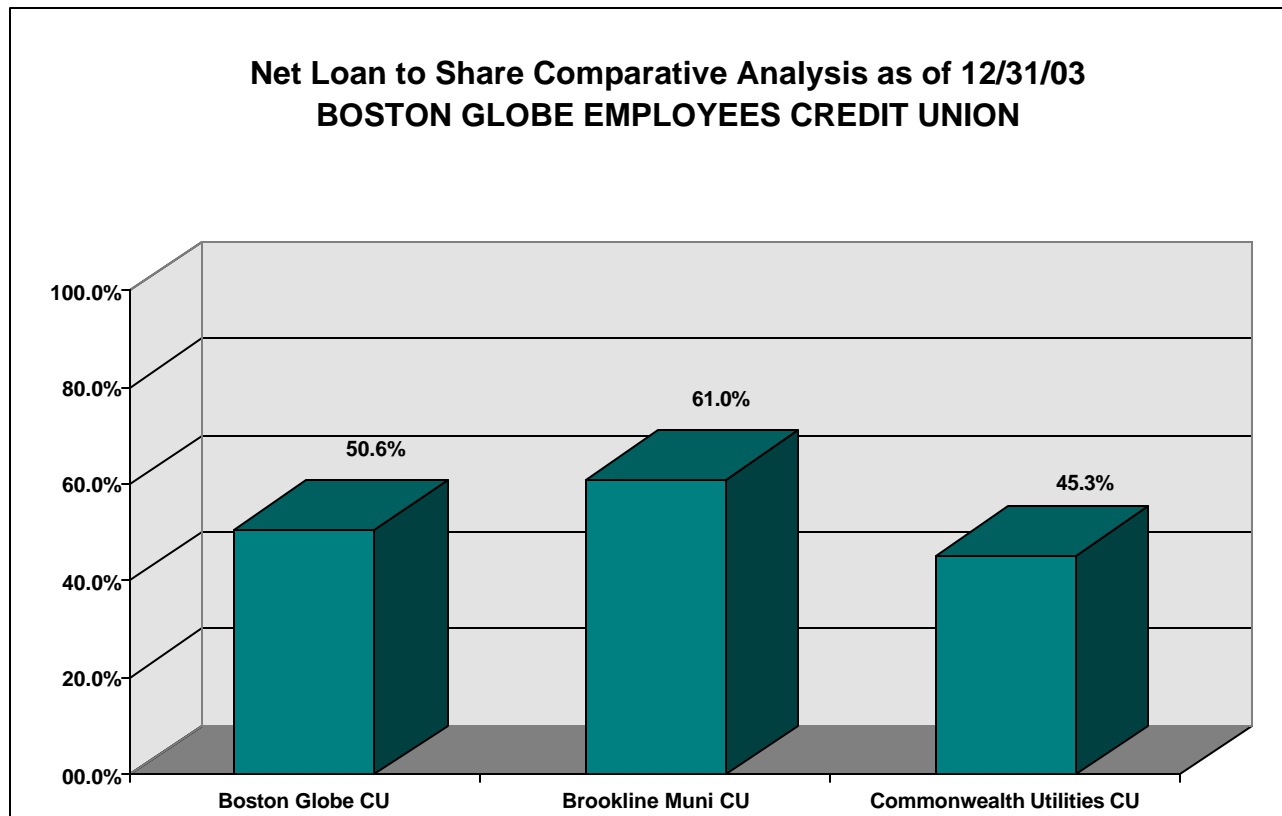


Source: NCUA Call Reports

As reflected in the above graph, the Credit Union's lending activity represents a steadily declining trend. Management attributed this declining trend to the Boston Globe Corporation offering "Buy Outs," which has significantly decreased the employee base, which in turn has also impacted the Credit Union's membership base.

LOAN TO SHARE ANALYSIS (continued)

The following graph illustrates the loan-to-share trends for comparable industrial credit unions as of December 31, 2003.



The Credit Union's net loan-to-share ratio is reasonable in comparison to these other industrial credit unions.

Based on the above information and Boston Globe Employees Credit Union's capacity to lend, the capacity of other similarly situated institutions to lend to their memberships and the lending opportunities available within the organization, the Credit Union's loan-to-share ratio meets the standards for satisfactory performance.

2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of residential mortgage loans and a sample of consumer loans extended to the Credit Union's membership, among various income levels was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 2001, 2002 and 2003 Metropolitan Statistical Area (MSA) incomes. The Credit Union's main office and the Boston Globe's Headquarters and Operations Plant are all located in the City of Boston. Therefore, for analysis purposes the Boston MSA incomes were used. The median family incomes for the Boston MSA were \$70,000 for 2001, \$70,400 for 2002, and \$80,800 for 2003. Income figures were based on estimated 2001, 2002 and 2003 data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

RESIDENTIAL LENDING

The following table provides an analysis of 29 residential mortgage loans originated by borrower income level. The information included in the table below indicates that 10 loans, or 34.5 percent, of the residential mortgage originations were granted to members of middle-income and 19 loans, or 65.5 percent, was originated to upper-income members.

RESIDENTIAL MORTGAGE LOANS BY INCOME OF BORROWER
BY NUMBER

% OF MEDIAN MSA INCOME	2001		2002		2003		TOTAL	
	#	%	#	%	#	%	#	%
80% - 119%	2	33.3	4	25.0	4	57.1	10	34.5
120% >	4	66.7	12	75.0	3	42.9	19	65.5
TOTAL	6	100%	16	100%	7	100%	29	100%

Source: Credit Union in-house files 2001, 2002 and 2003

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (continued)

The information included in the table below indicates that \$1,395,000, or 29.8 percent, of the residential mortgage originations were granted to members of middle-income and \$3,282,000, or 70.2 percent, was originated to upper-income members.

MORTGAGE LOANS BY INCOME OF BORROWER **BY DOLLAR AMOUNT**

% OF MEDIAN MSA INCOME	2001		2002		2003		TOTAL	
	\$000	%	\$000	%	\$000	%	\$000	%
80% - 119%	287	33.8	530	19.3	578	53.4	1,395	29.8
120% >	562	66.2	2,215	80.7	505	46.6	3,282	70.2
TOTAL	849	100	2,745	100	1,083	100	4,677	100

Source: Credit Union in-house files 2001, 2002 and 2003

The Credit Union's membership contains many members with incomes in the middle and upper-income ranges which has been reflected in the lending analysis. Hence, the high number of loans to middle and upper income members is expected.

CONSUMER LENDING

The information included in the table below indicates that the largest number of the consumer loan sample totaling 27 loans, or 43.5 percent, were granted to middle-income members. Also, of the total sample, 22 loans, or 35.5 percent, were granted to members of low- and moderate-incomes.

The following table presents the results of the above analysis.

CONSUMER LOANS BY INCOME OF BORROWER **BY NUMBER**

% OF MEDIAN MSA INCOME	2001		2002		2003		TOTAL	
	#	%	#	%	#	%	#	%
<50%	1	4.5	1	5.0	0	0.0	2	3.2
50% - 79%	4	18.2	5	25.0	11	55.0	20	32.3
80% - 119%	10	45.5	9	45.0	8	40.0	27	43.5
120% >	7	31.8	5	25.0	1	5.0	13	21.0
TOTAL	22	100%	20	100%	20	100%	62	100%

Source: Credit Union in-house files 2001, 2002 and 2003

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (continued)

The information included in the table below indicates that the majority of the consumer loan sample by dollar amount, 44.8 percent was granted to middle-income members. Also, 31.0 percent was granted to members of low- and moderate-income.

CONSUMER LOANS BY INCOME OF BORROWER BY DOLLAR AMOUNT

% OF MEDIAN MSA INCOME	2001		2002		2003		TOTAL	
	\$000	%	\$000	%	\$000	%	\$000	%
<50%	14	3.6	18	6.2	0	0.0	32	3.6
50% - 79%	63	16.6	65	22.2	113	54.6	241	27.4
80% - 119%	188	49.5	122	41.8	84	40.6	394	44.8
120% >	115	30.3	87	29.8	10	4.8	212	24.2
TOTAL	380	100%	292	100%	207	100%	879	100%

Source: Credit Union in-house files 2001, 2002 and 2003

The distribution of lending demonstrates the Credit Union's willingness to lend to all members, including those of low and moderate-income. The majority of the consumer loans were granted to single applicants. Therefore, the percentage of originations occurring in low and moderate-income levels would be higher than that of residential mortgage originations, where the income is usually the result of joint combined incomes and where the comparison is made to the standard of median family income.

The distribution of credit among members of various incomes reflects an adequate penetration among members of different income levels, including those of low and moderate-income. Therefore, the distribution of credit among different income levels meets the standards for satisfactory performance.

3. REVIEW OF COMPLAINTS/FAIR LENDING

The Credit Union has not received any complaints related to its CRA performance since the previous examination. However, the Credit Union has procedures in place to address any future consumer complaints related to CRA.

FAIR LENDING POLICIES AND PRACTICES

The Credit Union has a formal fair lending policy, which meets the requirements of Regulatory Bulletin 2.3-101, the Division's fair lending policy. The Credit Union's fair lending policy is a statement that the Board of Directors will review the Credit Union's loan products and banking services on a regular basis in order to be responsive to the credit needs of its membership.

The Credit Union's marketing activity includes placing information on its credit products and services in public view within the main lobby of its main office and operation and distribution plants where its members are employed. The Credit Union also includes statement stuffers in correspondence sent out to its membership and there are brochures located in the Credit Union's lobby.

The Credit Union refers its members to Allanach Mortgage Company, and Members Mortgage, both of which offer several lending products with flexible lending terms. Management stated that the majority of referrals during the examination period were to Members Mortgage. The criterion for the various types of credit offered, and the procedures for completing a loan application, were reviewed during the examination. No practices intended to discourage applications were found.

Based on the foregoing information, the Credit Union meets the standards for satisfactory performance in this category.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

BOSTON GLOBE EMPLOYEES CREDIT UNION

For compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **March 8, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.